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Finances Québec

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

Volume 10, number 5

December 11, 2015

## AT SEPTEMBER 30, 2015

**Highlights for September 2015**

In September, the budgetary balance within the meaning of the *Balanced Budget Act* showed a surplus of $765 million. The balance takes into account the deposit of $91 million in the Generations Fund.

— Own-source revenue was $5.2 billion, up $384 million compared to last year.

— Federal transfers reached $1.4 billion, an increase of $51 million compared to September 2014.

— Program spending amounted to $5.2 billion, up $187 million over last year.

— Debt service stood at $671 million, up $3 million compared to last year.

On the basis of the cumulative results at September 30, 2015, the budgetary balance within the meaning of the *Balanced Budget Act* showed a surplus of $1.7 billion, taking into account the deposit of $639 million in the Generations Fund. That is an improvement of $1.7 billion over last year.

— For fiscal 2015-2016 as a whole, The Québec Economic Plan – November 2015 Update projects a balanced budget.

**Summary of consolidated budgetary transactions**

(millions of dollars) **(Unaudited data)**

| | September | | April to September | | | The Québec Economic Plan — November 2015 Update | |
|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014-2015 | 2015-2016 | Change (%) | 2015-2016 | Change (%) |
| **Budgetary revenue** | | | | | | | |
| Own-source revenue | 4 865 | 5 249 | 26 352 | 27 701 | 5.1 | 57 061 | 4.3 |
| Federal transfers | 1 339 | 1 390 | 8 281 | 8 595 | 3.8 | 17 191 | 2.1 |
| **Total** | **6 204** | **6 639** | **34 633** | **36 296** | **4.8** | **74 252** | **3.8** |
| **Budgetary expenditure** | | | | | | | |
| Program spending | –4 967 | –5 154 | –31 188 | –31 446 | 0.8 | –66 460 | 1.7 |
| Debt service | –668 | –671 | –4 111 | –4 000 | –2.7 | –8 156 | 0.1 |
| **Total** | **–5 635** | **–5 825** | **–35 299** | **–35 446** | **0.4** | **–74 616** | **1.5** |
| **Consolidated entities**[1] | | | | | | | |
| Non-budget-funded bodies and special funds | 112 | –48 | 788 | 864 | — | 396 | — |
| Health and social services and education networks | –20 | –1 | –79 | –5 | — | –32 | — |
| Generations Fund | 103 | 91 | 572 | 639 | — | 1 496 | — |
| **Total** | **195** | **42** | **1 281** | **1 498** | **—** | **1 860** | **—** |
| **Surplus (Deficit)** | **764** | **856** | **615** | **2 348** | **—** | **1 496** | **—** |
| **Balanced Budget Act** | | | | | | | — |
| Deposits of dedicated revenues in the Generations Fund | –103 | –91 | –572 | –639 | — | –1 496 | — |
| **BUDGETARY BALANCE**[2] | **661** | **765** | **43** | **1 709** | **—** | **—** | **—** |

Note: The presentation of the budgetary information in the monthly report is consistent with that of the financial framework for the general fund and consolidated entities as published on page A.15 of *The Québec Economic Plan – November 2015 Update*.

(1) Details of transactions by type of entity are presented on page 5 of this report.

(2) Budgetary balance within the meaning of the *Balanced Budget Act*.

## ❑ Cumulative results at September 30, 2015

### ■ Budgetary balance

For the period from April to September 2015, the budgetary balance within the meaning of the *Balanced Budget Act* was in surplus by $1 709 million.

For fiscal 2015-2016 as a whole, The Québec Economic Plan – November 2015 Update projects a balanced budget.

### ■ Budgetary revenue

At September 30, 2015, budgetary revenue amounted to $36.3 billion, an increase of $1.7 billion, or 4.8%, compared to September 30, 2014.

— Own-source revenue stood at $27.7 billion, up $1.3 billion from the same time last year.

— Federal transfers amounted to $8.6 billion, up $314 million compared to September 30, 2014.

### ■ Budgetary expenditure

Budgetary expenditure as of the beginning of the fiscal year totalled $35.4 billion, an increase of $147 million, or 0.4%, over last year.

— For the period from April to September 2015, program spending rose by $258 million, or 0.8%, reaching $31.4 billion.

  — The most significant change was an increase in program spending of the Health and Social Services mission (+$440 million).

— Debt service amounted to $4.0 billion, a decrease of $111 million compared to last year.

## Consolidated entities

At September 30, 2015, the results of consolidated entities showed a surplus of $1.5 billion. These results included:

— a surplus of $864 million for non-budget-funded bodies and special funds;

— a $5-million deficit for the health and social services and education networks;

— dedicated revenues of $639 million for the Generations Fund.

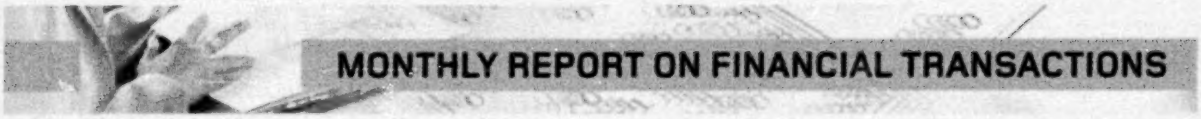
## Net financial surplus (requirements)

At September 30, 2015, the consolidated net financial surplus stood at $409 million, an improvement of $3.3 billion over last year. Net financial surpluses reflect the current budgetary balance as well as the year-over-year change in receipts and disbursements in the course of the government's transactions.

**Consolidated budgetary and financial transactions**
(millions of dollars) **(Unaudited data)**

| | September | | | April to September | | |
|---|---|---|---|---|---|---|
| | **2014** | **2015** | **Change** | **2014-2015** | **2015-2016** | **Change** |
| **Budgetary revenue** | | | | | | |
| Own-source revenue | 4 865 | 5 249 | 384 | 26 352 | 27 701 | 1 349 |
| Federal transfers | 1 339 | 1 390 | 51 | 8 281 | 8 595 | 314 |
| **Total** | **6 204** | **6 639** | **435** | **34 633** | **36 296** | **1 663** |
| **Budgetary expenditure** | | | | | | |
| Program spending | –4 967 | –5 154 | –187 | –31 188 | –31 446 | –258 |
| Debt service | –668 | –671 | –3 | –4 111 | –4 000 | 111 |
| **Total** | **–5 635** | **–5 825** | **–190** | **–35 299** | **–35 446** | **–147** |
| **Consolidated entities**[1] | | | | | | |
| Non-budget-funded bodies and special funds | 112 | –48 | –160 | 788 | 864 | 76 |
| Health and social services and education networks | –20 | –1 | 19 | –79 | –5 | 74 |
| Generations Fund | 103 | 91 | –12 | 572 | 639 | 67 |
| **Total** | **195** | **42** | **–153** | **1 281** | **1 498** | **217** |
| **Surplus (Deficit)** | **764** | **856** | **92** | **615** | **2 348** | **1 733** |
| Consolidated non-budgetary surplus (requirements) | 644 | –122 | –766 | –3 524 | –1 939 | 1 585 |
| **CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)** | **1 408** | **734** | **–674** | **–2 909** | **409** | **3 318** |

(1) Details of transactions by type of entity are presented on page 5 of this report.




## General fund revenue

(millions of dollars) **(Unaudited data)**

| Revenue by source | September 2014 | September 2015 | Change (%) | April to September 2014-2015 | April to September 2015-2016 | Change (%) |
|---|---|---|---|---|---|---|
| **Own-source revenue excluding government enterprises** | | | | | | |
| Income and property taxes | | | | | | |
| Personal income tax | 2 028 | 2 298 | 13.3 | 9 651 | 10 135 | 5.0 |
| Contributions to Health Services Fund | 577 | 628 | 8.8 | 3 390 | 3 449 | 1.7 |
| Corporate taxes | 282 | 302 | 7.1 | 1 507 | 1 935 | 28.4 |
| Consumption taxes | 1 546 | 1 585 | 2.5 | 8 974 | 9 501 | 5.9 |
| Other sources | 161 | 125 | –22.4 | 952 | 835 | –12.3 |
| **Total own-source revenue excluding government enterprises** | **4 594** | **4 938** | **7.5** | **24 474** | **25 855** | **5.6** |
| Revenue from government enterprises | 271 | 311 | 14.8 | 1 878 | 1 846 | –1.7 |
| **Total own-source revenue** | **4 865** | **5 249** | **7.9** | **26 352** | **27 701** | **5.1** |
| **Federal transfers** | | | | | | |
| Equalization | 774 | 794 | 2.6 | 4 643 | 4 761 | 2.5 |
| Health transfers[1] | 403 | 434 | 7.7 | 2 416 | 2 605 | 7.8 |
| Transfers for post-secondary education and other social programs | 132 | 134 | 1.5 | 793 | 804 | 1.4 |
| Other programs | 30 | 28 | –6.7 | 429 | 425 | –0.9 |
| **Total federal transfers** | **1 339** | **1 390** | **3.8** | **8 281** | **8 595** | **3.8** |
| **BUDGETARY REVENUE** | **6 204** | **6 639** | **7.0** | **34 633** | **36 296** | **4.8** |

(1) Amounts of $430 million and $389 million in health transfers were allocated in 2014-2015 and 2015-2016, respectively, to the Fund to Finance Health and Social Services Institutions (FINESSS), a consolidated entity. These allocations were spread over the year, at $36 million and $32 million a month, respectively, and have already been deducted from the health transfers. Had it not been for these allocations, the change would have been 6.4% instead of 7.8%.

## General fund expenditure

(millions of dollars) **(Unaudited data)**

| Expenditure by mission | September 2014 [1] | September 2015 | Change (%) | April to September 2013-2014 [1] | April to September 2014-2015 | Change (%) |
|---|---|---|---|---|---|---|
| **Program spending** | | | | | | |
| Health and Social Services | 2 296 | 2 421 | 5.4 | 15 649 | 16 089 | 2.8 |
| Education and Culture | 1 532 | 1 616 | 5.5 | 7 806 | 7 868 | 0.8 |
| Economy and Environment | 289 | 276 | –4.5 | 2 477 | 2 400 | –3.1 |
| Support for individuals and families | 539 | 539 | — | 3 240 | 3 176 | –2.0 |
| Administration and Justice | 311 | 302 | –2.9 | 2 016 | 1 913 | –5.1 |
| **Total program spending** | **4 967** | **5 154** | **3.8** | **31 188** | **31 446** | **0.8** |
| **Debt service** | **668** | **671** | **0.4** | **4 111** | **4 000** | **–2.7** |
| **BUDGETARY EXPENDITURE** | **5 635** | **5 825** | **3.4** | **35 299** | **35 446** | **0.4** |

(1) Certain expenditures were reclassified between missions to take into account the transition to the 2015-2016 budgetary structure.

**Detailed information on the transactions of consolidated entities**
(millions of dollars) **(Unaudited data)**

| | September 2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Special funds | Generations Fund | Specified purpose accounts | Transfers (expenditures) related to the tax system | Non-budget-funded bodies | Health and education networks [1] | Total | Consolidation adjustments [2] | Total |
| **Revenue** | **1 201** | **91** | **18** | **369** | **1 769** | **—** | **3 448** | **–2 004** | **1 444** |
| **Expenditure** | | | | | | | | | |
| Expenditure | –1 019 | — | –18 | –369 | –1 754 | –1 | –3 161 | 1 916 | –1 245 |
| Debt service | –178 | — | — | — | –67 | — | –245 | 88 | –157 |
| **Total** | **–1 197** | **—** | **–18** | **–369** | **–1 821** | **–1** | **–3 406** | **2 004** | **–1 402** |
| **RESULTS** | **4** | **91** | **—** | **—** | **–52** | **–1** | **42** | **—** | **42** |

| | April to September 2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Special funds | Generations Fund | Specified purpose accounts | Transfers (expenditures) related to the tax system | Non-budget-funded bodies | Health and education networks [1] | Total | Consolidation adjustments [2] | Total |
| **Revenue** | **7 127** | **639** | **395** | **2 896** | **11 584** | **—** | **22 641** | **–12 763** | **9 878** |
| **Expenditure** | | | | | | | | | |
| Expenditure | –5 413 | — | –395 | –2 896 | –10 955 | –5 | –19 664 | 12 241 | –7 423 |
| Debt service | –1 073 | — | — | — | –406 | — | –1 479 | 522 | –957 |
| **Total** | **–6 486** | **—** | **–395** | **–2 896** | **–11 361** | **–5** | **–21 143** | **12 763** | **–8 380** |
| **RESULTS** | **641** | **639** | **—** | **—** | **223** | **–5** | **1 498** | **—** | **1 498** |

(1) The results of the networks are presented according to the modified equity accounting method.
(2) Consolidation adjustments include the elimination of program spending from the general fund.

The next monthly report, at October 31, 2015, will be published on January 22, 2016.

For more information, contact the Direction des Communications of the Ministère des Finances at 418 528-7382.

The report is also available on the Ministère des Finances website: www.finances.gouv.qc.ca.